

State of California—Health and Human Services Agency
Department of Health Services

October 26, 2006

GROCER ALERT 2006 – 06



ARNOLD SCHWARZENEGGER
Governor

TO: ALL WIC VENDORS

SUBJECT: IMPORTANT UPDATE FOR ANY AUTHORIZED VENDOR (AAV)
IMPLEMENTATION

Purpose

We are pleased to announce that nearly every WIC authorized vendor in California successfully tested serial number submission for WIC food instruments (FIs) by the October 20th deadline. Therefore, we will issue all FIs payable to WIC Authorized Vendor effective Monday, October 30, 2006. Vendors must now submit serial numbers for all FIs they accept in order to be reimbursed. We are writing to provide you with additional information to assist you in the transition to AAV.

**FIs payable to
specific store or
WIC Authorized
Vendor**

As a reminder, between now and January 31, 2007, a WIC participant will present FIs that are payable either to a specific vendor or to "WIC Authorized Vendor." When transacting FIs, store personnel need to ensure the FI provided by the participant is either payable to your specific store name and vendor number or to "WIC Authorized Vendor". The current Vendor Agreement requirement that prohibits a vendor from accepting a FI made payable to any other vendor is still in effect. Therefore, if a FI is *not* either made payable to your store or to "WIC Authorized Vendor", then you cannot accept that FI. A small number of FIs are payable to "Any Authorized Grocer". These can also be accepted by any WIC authorized vendor.

**Determination of
Maximum Rate for
a FI**

WIC re-calculates the MADR rates for each FI type for each of the 16 peer groups every two weeks. Therefore, these rates are time sensitive. For FIs with "#####" in the "Must Not Exceed" box, WIC will compare the exact purchase price that you enter on the FI with the MADR rate that is in effect on the date that you submit the FI's 10-digit serial number to WIC using one of the AAV submission methods. We recommend that you submit the FI serial numbers to WIC on the same day that you accept them from the WIC participant to ensure that the MADR rate applied to the FI is consistent with the MADR rate in effect when you accept the FI.

**Extended time
period to preview
MADR rate
change**

We previously announced that MADR rates are recalculated every two weeks. We also shared that you would be able to preview the new rates on our VWIX website at vwix.dhs.ca.gov, two days in advance of becoming effective -- Sunday, 12:01 a.m. to Tuesday, 12:01 a.m. In response to vendor input, we have extended the preview period to five days. For example, the new rates that will become effective on Friday November 3 are posted on Sunday, October 29. The future MADR updates every two weeks will also be posted five days in advance of the effective date – Sunday, 12:01 a.m. to Friday, 12:01 a.m.

**MADR rates now
available through
phone option**

We have updated the WIC vendor telephone system to provide MADR rates to vendors that do not have Internet access from their stores. Now, in addition to submitting FI serial numbers using the telephone system, vendors may also choose to hear the system read MADRs associated with their peer group. Using the telephone number (888) 942-4942, and after entering your 6-digit WIC vendor ID number followed by your PIN, select option #2 to hear MADR rates. The PIN number has been provided to your business owner. MADR rates continue to be available on the VWIX website (vwix.dhs.ca.gov).

**Check-out
Experience for
Regular Stores**

We understand that the transition period to peer groups and AAV requires extra attention for WIC transactions by your store personnel. We have heard that the elimination of a printed dollar amount and use of “#####” in the Must Not Exceed box of FIs has caused some unease at the check stand. Please remember and share with your cashiers that the Maximum Allowable Department Reimbursement (MADR) rates for regular stores include a tolerance level to allow for price variations between vendors in the same peer group. If your shelf prices are competitive with other stores in your same peer group, you can be confident that the exact purchase price at check out will not exceed the MADR. WIC is monitoring FIs rejected for payment when they exceed the MADR to determine if adjustment to the tolerance levels is needed. It is our goal to monitor the reimbursement system on an on-going basis and make appropriate adjustments as needed.

**What Can a
Vendor Do When
Food Instruments
are Rejected for
Payment?**

Please see the enclosed two-page document, "What Can a Vendor Do When Food Instruments (FI) Are Rejected For Payment?" that provides background and options for each of the five reasons that FIs are returned unpaid. Additional copies of this document may be accessed at www.wicworks.ca.gov.

**Reimbursement
Consideration
After Payment
Denial**

If a vendor thinks they were denied payment in error, the vendor may request payment consideration by sending the original FI with a letter explaining why the vendor believes that an error was made to:

California WIC Program
Attention: Program Integrity Unit
3901 Lennane Drive
Sacramento, CA 95834

Questions

Thank you for your cooperation which has been critical to implementing our vendor reimbursement system. If you have any questions, please contact your WIC Grocer Consultant directly or call (916) 928-8705.



David Markell, Chief
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Integrity Section
WIC Supplemental Nutrition Program

Enclosure